



Financial Assistance Award

DENALI COMMISSION
510 "L" Street, Suite 410
Anchorage, Alaska 99501
(907) 271-1414 (phone)
(907) 271-1415 (fax)
www.denali.gov

Project Number

0095-DC-2003-E1

Project Title

Alaska Growth Capital Loan
Program

Performance Period

Jan. 1, 2003 – Dec. 31, 2012

Recipient Name & Address

Alaska Growth Capital, Inc.
3900 C Street, Suite 302
Anchorage, AK 99503-5965

Phone: (907) 339-6760

Fax: (907) 339-6771

Authority
112 Stat 1854

CFDA Number
90.100

Denali Commission Finance
Officer Certification

CEE

Cost Share Distribution Table

Accounting Code	Denali Commission	Other Contributors	Total
95670000	\$1,000,000		\$1,000,000
ASRC		2,450,000	2,450,000
U.S. Treasury (CDFI)		\$1,526,000	\$1,526,000
			\$0
Total	\$1,000,000	\$3,976,000	\$4,976,000

This Financial Assistance Award approved by the Federal Co-Chair of the Denali Commission is issued in triplicate and constitutes an obligation of federal funding. By signing the three documents, the Recipient agrees to comply with the Award provisions indicated below and attached. Upon acceptance by the Recipient, two signed Award documents shall be returned to the Federal Co-Chair of the Denali Commission and the Recipient shall retain the third document. If not signed and returned without modification by the Recipient within 30 days of receipt, the Federal Co-Chair may unilaterally terminate this Award.

- ☒ Special Award Conditions and Attachments
☐ Line Item Budget
☒ OMB Circular A-133, Audits of States, Local Governments and Indian Tribal Governments
(www.whitehouse.gov/OMB/circulars/a133/a133.html)
☒ Stat of Alaska Statute AS 10.13, Alaska BIDCO Act

Administrative Requirements (check one)

- ☐ 15 CFR 24, Uniform Admin Requirements for Grants/Cooperative Agreements to State and Local Governments
(www.access.gpo.gov/nara/cfr/waisidx_99/15cfr24_99.html)
☒ 15 CFR 14, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, Other Nonprofit, and Commercial Organizations
(www.access.gpo.gov/nara/cfr/waisidx_99/15cfr14_99.html)

Cost Principles (check one)

- ☐ OMB Circular A-87, Cost Principles for State and Local Governments and Indian Tribal Governments
(www.whitehouse.gov/OMB/circulars/a087/a087-all.html)
☐ OMB Circular A-122, Cost Principles for Nonprofit Organizations
(www.whitehouse.gov/OMB/circulars/a122/a122.html)
☐ OMB Circular A-21, Cost Principles for Educational Institutions
(www.whitehouse.gov/OMB/circulars/a021/a021.html)
☒ 48 CFR 31.2, Contracts with Commercial Organizations

Signature of Authorized Official - Denali Commission

Jeff Staser

Typed Name and Title

Jeffrey B. Staser, Federal Co-Chair

Date

6/23/03

Signature of Authorized Official

David Hoffman

Typed Name and Title

David Hoffman, President
Alaska Growth Capital, Inc.

Date

6-26-03

**AWARD CONDITIONS TO THE FINANCIAL ASSISTANCE AWARD
BETWEEN THE DENALI COMMISSION AND
FOR
June 2003
Project No. 0095-DC-2003-E1**

1. *Scope of Work*

This award is to provide technical and financial assistance to businesses in Alaska, with emphasis on Alaska-owned businesses in distressed rural communities.

All Commission funding is intended for use for the scope of work identified in the Award document only.

2. *Award Performance Period*

The Award performance period is January 1, 2003 through December 31, 2012. This is the period during which Award recipients can incur obligations or costs against this Award.

3. *Direct and Indirect Costs*

The cost principles of 48 CFR 31.2, Contracts with Commercial Organizations, are applicable to this Award. Indirect costs up to 0% are allowable under this Award. Please refer to the cost principles regulations for specific details on other allowable charges under this Award.

4. *Budget and Program Revisions*

Administrative requirements in 15 CFR 14, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, Other Nonprofit, and Commercial Organizations, apply to this Award. Please refer to the Administrative Circular for specific details on revisions to this Award. The 15 CFR 14 requires that Alaska Growth Capital will inform the Commission in writing (e-mail, letter, or report) at the earliest possible date of any unanticipated project cost overrun, project schedule delays, or changes in the project scope or changed site conditions.

5. *Reporting*

- A. Alaska Growth Capital shall submit written progress reports to the Commission Project Officer as follows:
 - a. An annual quantitative report on performance against all accountability measures due February 28 of each year. This report will be in the format of the Community Development Financial Institution (CDFI) annual report. Accountability Measures are described under item 10.

- b. An annual narrative report providing brief descriptions of each of the financings and consulting engagements with businesses in “distressed” communities as defined by the Denali Commission. This report is also due on February 28 of each year.
- c. Photographic documentation of projects shall be provided with the reports. The photo documentation of construction projects shall include a complete record of the construction activity over time, from “before,” showing the situation before the start of construction, to “during” showing work proceeding on the project, and “after” to show the finished project. For minor repair and O&M projects, pictures should be provided of before and after to the extent possible. Photos may be provided as photo quality, 3x5 prints with negative for each picture, and/or print quality electronic photos (digital images). A short description of the activity and names of those in the photos shall also be provided.
- d. An audited financial statement is due April 30 of each year.

The Commission reserves the right, at a future date, to direct *Alaska Growth Capital* to provide the progress reports in electronic format for posting on the Commission web page.

- B. In the event *Alaska Growth Capital* reports less than the *minimally acceptable* level for any category during any time period, the Denali Commission project officer will provide Alaska Growth Capital with written notification of “unacceptable performance.” Alaska Growth Capital will be placed on performance probation and have six months to meet performance requirements for the previous year. During the probationary period, performance measures can be counted towards bringing the prior year shortfall to an acceptable level (*minimally acceptable*). Performance measures cannot be double counted in any given reporting period. If performance for the preceding year is not improved to at least the *minimally acceptable* level by the end of the probationary period, one-fifth of the amount of the Financial Assistance Award will be required to be returned to the Denali Commission within 60 days of the end of the probationary period.
- C. At the end of the **ten-year** performance period (**December 31, 2012**) *Alaska Growth Capital* will be allowed to convert a percentage of the total Financial Assistance Award to permanent capitalization. The amount of the award conversion is equal to **10%** multiplied by the number of years *Alaska Growth Capital* met or exceeded the satisfactory level for all categories. Any balance will be returned to the Denali Commission within 60 days of the end of the performance period.

6. Payments

Payments under this Award will be made through the U.S. Department of Treasury's Automated Standard Application for Payment (ASAP) system. The ASAP system is the Commission's mechanism for requesting and delivering Federal funds to Award recipients. Your organization must be registered with the ASAP program in order to make draw downs. Please contact the Commission's Project Manager or Finance Manager for further information about registering with the ASAP program. Payments will be made in accordance with 15 CFR 14. **No interest will be accrued on these funds.**

7. Award Close Out

- a. The Award closeout must be completed within 90 days of the end of the Award performance period or within 90 days of the completion of the project, whichever is earlier. The project closeout process includes the submission of both a final narrative report and financial status report. Recipient organizations must also request any remaining funds for expenditures under this award during this 90-day period. Please refer to the Commission guidance for project closeout for additional details on the requirements. This is available by contacting the Commission office or the Project Manager.
- b. Acknowledgement of support: For all construction projects, the Award recipient shall include an acknowledgement of the Government's support for the project(s) developed under this Award. The Award recipient shall display a sign that includes the name and logo of Denali Commission and other partners in a font, size, and position on the sign that allows easy recognition of all participants. Project Manager for the Denali Commission will approve final sign design.

The cost of this sign shall be paid out of the project funding received by the Award recipient from the Denali Commission.

- c. Acknowledgement of support: For all non-construction projects, the Award recipient shall include an acknowledgement of the Government's support for the project(s) developed under this Award. Acknowledgement shall include the name and logo of Denali Commission and other partners in a font, size, and position that allows easy recognition of all participants.

The format for acknowledgement of the Government's support for non-construction awards will vary with each award and must be agreed upon between the Award recipient and the Denali Commission Project Manager. Costs associated with this requirement shall be paid out of the

project funding received by the Award recipient from the Denali Commission.

8. Public Policy Laws and Assurances

Award Recipients are required to comply with the public policy laws and assurances on Standard Forms SF 424b (non-construction projects) or SF 424d (construction projects). This form must also be signed by a certifying official of the organization. Some of the laws are highlighted below for your reference.

To the maximum extent practicable, considering applicable laws, Funding Recipients shall accomplish the project contemplated by the Award using local Alaska firms and labor.

No portion of this award may be used for lobbying or propaganda purposes as prohibited by 18 U.S.C. Section 1913 or Section 607(a) of Public Law 96-74.

Project level environmental reviews in accordance with the National Environmental Policy Act (NEPA) and the National Historic Preservation Act (NHPA) are required for each project undertaken with Denali Commission funds.

9. Project Officers & Contact Information

Denali Commission	Alaska Growth Capital
Paul McIntosh 510 L Street, Suite 410 Anchorage, AK 99901 (phone) (907) 271-1640 (fax) (907) 271-1415 e-mail pmcintosh@denali.gov	David Hoffman 3900 'C' Street, Suite 302 Anchorage, Alaska 99503-5965 (phone) (907) 339-6760 (main) (fax) (907) 339-6771 e-mail dhoffman@alaskagrowth.com

10. Accountability Measures

Alaska Growth Capital

ACCOUNTABILITY MEASURES - 2003 Award

Note: these measures are in addition to and not in replacement of performance measures related to Alaska Growth Capital Project # 0016-DC-2000-E3 Amendment 2

Measure 1: Total annual financing disbursements to businesses in communities defined as "distressed" by the Denali Commission. The list of "distressed" communities will include at a minimum the communities listed in the Commission's issue paper of May 2001.

Minimum Level: Annual Evaluation for the Year Ending:

[illegible]

Measure 2: Total annual financing disbursements to **Alaskan - owned** businesses in communities defined as "distressed" by the Denali Commission.

Minimum Level: Annual Evaluation for the Year Ending:

[illegible]

Measure 3: The increase in annual payroll at all companies in distressed communities having loans in the AGC portfolio. The steps in calculating this measure are outlined below. If a company is booked as a "distressed community" loan, it counts towards this measure even if the community subsequently is dropped from the list of distressed communities. 1. Establish a base payroll level. This base level is equal to the total payroll during the 12 months prior to the closing of the AGC loan. 2. Calculate current year payroll. Each year total payroll is calculated for the same 12 month period and compared to the base period. The difference is the increase in payroll. Any negative numbers are counted as zero. 3. Calculate the sum of the increase at all companies with a loan in the AGC portfolio at any point during the year. Timing issues Since each loan closes at a different time of the year, the months included in the base period for each company are different. The total payroll increase for each company is therefore calculated at a different time in the year. The total number used for measure three in any calendar year may therefore consist of an increase for one company that was calculated in January, an increase for a second company calculated in February and a third in May, etc. Definition of payroll: "Payroll" is defined as the sum of all wages, salaries, direct management fees paid in lieu of salary and direct fringe benefits.

Minimum Level: Annual Evaluation for the Year Ending:

	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	Total
<i>Outstanding</i>	314,820	330,561	347,089	364,444	382,666	401,799	421,889	442,983	465,133	488,389	3,959,772
<i>Satisfactory</i>	147,572	154,951	162,698	170,833	179,375	188,343	197,761	207,649	218,031	228,933	1,856,145
<i>Minimally Acceptable</i>	118,058	123,960	130,158	136,666	143,500	150,675	158,208	166,119	174,425	183,146	1,484,915

Measure 4: The total increase in annual revenues at all companies in distressed communities having loans in the AGC portfolio. This measure will be calculated by the same method used for measure 3.

Minimum Level: Annual Evaluation for the Year Ending:

	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	Total
<i>Outstanding</i>	2,000,000	2,100,000	2,205,000	2,315,250	2,431,013	2,552,563	2,680,191	2,814,201	2,954,911	3,102,656	25,155,785
<i>Satisfactory</i>	1,500,000	1,575,000	1,653,750	1,736,438	1,823,259	1,914,422	2,010,143	2,110,651	2,216,183	2,326,992	18,866,839
<i>Minimally Acceptable</i>	1,000,000	1,050,000	1,102,500	1,157,625	1,215,506	1,276,282	1,340,096	1,407,100	1,477,455	1,551,328	12,577,893

Measure 5: Number of technical assistance engagements provided to businesses that operate in "distressed" communities. A "technical assistance engagement" is defined as a minimum of 8 hours of assistance provided by Alaska Growth Capital. These engagements will cover a broad range of topics, as defined by the needs of the business.

Minimum Level: Annual Evaluation for the Year Ending:

	12/31/2003	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	Total
<i>Outstanding</i>	11	11	11	11	53	53	53	53	53	53	362
<i>Satisfactory</i>	8	8	8	8	39	39	39	39	39	39	267
<i>Minimally Acceptable</i>	5	5	5	5	25	25	25	25	25	25	172